

House File 2484 - Introduced

HOUSE FILE _____
BY THOMAS

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to capital investment in businesses by providing
2 tax credits and creating a revolving fund.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 6059HH 82
5 tw/sc/5

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1 1 Section 1. Section 15E.43, subsection 4, Code Supplement
1 2 2007, is amended to read as follows:
1 3 4. The aggregate amount of tax credits issued pursuant to
1 4 this division shall not exceed a total of ~~ten~~ thirteen million
1 5 dollars. The total amount of tax credits issued during the
1 6 fiscal year beginning July 1, 2002, shall not exceed three
1 7 million dollars. The total amount of tax credits issued
1 8 during the fiscal year beginning July 1, 2003, shall not
1 9 exceed three million dollars. The total amount of tax credits
1 10 issued during the fiscal year beginning July 1, 2004, shall
1 11 not exceed four million dollars. Any amount of the maximum
1 12 aggregate limit of tax credits that ~~have~~ has not been issued
1 13 by June 30, 2005, may be issued in any subsequent fiscal year.
1 14 Not more than three million dollars of tax credits may be
1 15 issued in any one subsequent fiscal year.
1 16 Sec. 2. Section 15E.44, subsection 2, paragraph e, Code
1 17 Supplement 2007, is amended to read as follows:
1 18 e. The business shall not have a net worth that exceeds
1 19 ~~ten~~ three million dollars.
1 20 Sec. 3. NEW SECTION. 15E.52 SEED CAPITAL CO-INVESTMENT
1 21 REVOLVING FUND == TAX CREDIT.
1 22 1. A seed capital co-investment revolving fund is created
1 23 in the general fund of the state under the control of the
1 24 department.
1 25 2. a. A taxpayer or a nonprofit entity making a
1 26 contribution to the seed capital co-investment revolving fund
1 27 may claim a tax credit or payment equal to twenty percent of
1 28 the amount contributed to the revolving fund.
1 29 b. The tax credit shall be allowed against taxes imposed
1 30 in chapter 422, divisions II, III, and V, and in chapter 432,
1 31 and against the moneys and credits tax imposed in section
1 32 533.329. An individual may claim under this subsection the
1 33 tax credit of a partnership, limited liability company, S
1 34 corporation, estate, or trust electing to have income taxed
1 35 directly to the individual. The amount claimed by the
2 1 individual shall be based upon the pro rata share of the
2 2 individual's earnings from the partnership, limited liability
2 3 company, S corporation, estate, or trust. Any tax credit in
2 4 excess of the taxpayer's liability for the tax year may be
2 5 credited to the tax liability for the following ten years or
2 6 until depleted, whichever occurs first. A tax credit shall
2 7 not be carried back to a tax year prior to the tax year in
2 8 which the taxpayer redeems the tax credit. A tax credit under
2 9 this section is not transferable.
2 10 c. A nonprofit entity making a contribution to the seed
2 11 capital co-investment revolving fund shall be paid from the
2 12 general fund of the state an amount equal to twenty percent of
2 13 the contributed amount within thirty days after the end of the
2 14 nonprofit entity's fiscal year during which the contribution
2 15 was made.
2 16 d. The total amount of tax credits and payments to
2 17 contributors, referred to as the credit amount, authorized
2 18 during a fiscal year shall not exceed one million dollars plus
2 19 any unused credit amount carried over from previous years.
2 20 e. The tax credits and payments may only be claimed for

2 21 contributions made between January 1, 2009, and December 31,
2 22 2019.

2 23 f. The department of economic development shall administer
2 24 the authorization of tax credits and payments to contributors
2 25 under this section and shall, in cooperation with the
2 26 department of revenue, adopt rules pursuant to chapter 17A
2 27 necessary for the administration of this section.

2 28 3. The department shall expend moneys in the seed capital
2 29 co-investment revolving fund to invest in qualifying
2 30 businesses pursuant to section 15E.44 and community-based seed
2 31 capital funds pursuant to section 15E.45.

2 32 Sec. 4. Section 15E.232, subsection 2, paragraph c, Code
2 33 Supplement 2007, is amended to read as follows:

2 34 c. The total amount of tax credits and payments to
2 35 contributors, referred to as the credit amount, authorized
3 1 during a fiscal year shall not exceed ~~two~~ three million
3 2 dollars plus any unused credit amount carried over from
3 3 previous years. Any credit amount which remains unused for a
3 4 fiscal year may be carried forward to the succeeding fiscal
3 5 year. The maximum credit amount that may be authorized in a
3 6 fiscal year for contributions made to a specific economic
3 7 development region revolving fund is equal to ~~two~~ three
3 8 million dollars plus any unused credit amount carried over
3 9 from previous years divided by the number of economic
3 10 development region revolving funds existing in the state.

3 11 Sec. 5. NEW SECTION. 422.11V SEED CAPITAL CO-INVESTMENT
3 12 TAX CREDIT.

3 13 The taxes imposed under this division, less the credits
3 14 allowed under section 422.12, shall be reduced by a seed
3 15 capital co-investment tax credit allowed under section 15E.52.

3 16 Sec. 6. Section 422.33, subsection 13, Code Supplement
3 17 2007, is amended by striking the subsection.

3 18 Sec. 7. Section 422.33, Code Supplement 2007, is amended
3 19 by adding the following new subsection:

3 20 NEW SUBSECTION. 25. The taxes imposed under this division
3 21 shall be reduced by a seed capital co-investment tax credit
3 22 allowed under section 15E.52.

3 23 Sec. 8. Section 422.60, subsection 6, Code Supplement
3 24 2007, is amended by striking the subsection.

3 25 Sec. 9. Section 422.60, Code Supplement 2007, is amended
3 26 by adding the following new subsection:

3 27 NEW SUBSECTION. 15. The taxes imposed under this division
3 28 shall be reduced by a seed capital co-investment tax credit
3 29 allowed under section 15E.52.

3 30 Sec. 10. NEW SECTION. 432.12L SEED CAPITAL CO-INVESTMENT
3 31 TAX CREDIT.

3 32 The tax imposed under this chapter shall be reduced by a
3 33 seed capital co-investment tax credit allowed under section
3 34 15E.52.

3 35 Sec. 11. Section 533.329, subsection 2, paragraph i, Code
4 1 Supplement 2007, is amended by striking the paragraph.

4 2 Sec. 12. Section 533.329, subsection 2, Code Supplement
4 3 2007, is amended by adding the following new paragraph:

4 4 NEW PARAGRAPH. n. The moneys and credits tax imposed
4 5 under this section shall be reduced by a seed capital
4 6 co-investment tax credit allowed under section 15E.52.

4 7 Sec. 13. Sections 15E.51 and 422.11G, Code Supplement
4 8 2007, are repealed.

4 9 Sec. 14. Section 432.12B, Code 2007, is repealed.

4 10 EXPLANATION

4 11 This bill makes changes relating to tax credits for
4 12 investments in certain businesses and certain economic
4 13 development and investment revolving funds.

4 14 The bill authorizes an additional \$3 million of tax credits
4 15 investment in qualifying businesses or community-based seed
4 16 capital funds under Code sections 15E.43 through 15E.45.

4 17 These sections set an aggregate tax credit limit of \$10
4 18 million. The bill raises that limit to \$13 million. The bill
4 19 also reduces the net worth limit of a business qualifying for
4 20 this tax credit from \$10 million to \$3 million.

4 21 The bill repeals the venture capital fund investment tax
4 22 credit which had authorized up to \$5 million of tax credits
4 23 for investment in a venture capital fund and makes conforming
4 24 changes.

4 25 The bill creates a seed capital co-investment revolving
4 26 fund under the control of the department of economic
4 27 development and directs the department to use the moneys in
4 28 the fund to invest in certain qualifying businesses or in
4 29 community-based seed capital funds. The fund consists of
4 30 moneys contributed by taxpayers or nonprofit entities who
4 31 receive a tax credit or a payment of part of their

4 32 contribution at the end of the fiscal year.
4 33 LSB 6059HH 82
4 34 tw/sc/5